



BOB RILEY
Governor

Alabama Medicaid Agency

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CAROL HERRMANN STECKEL, MPH
Commissioner

May 14, 2007

PROVIDER NOTICE 07-02

TO: Nursing Facility Providers

SUBJECT: Rental of Specialized Medical Equipment (SME)

Specialized Medical Equipment (SME) is recognized by Medicaid as equipment listed in Rule No. 560-X-22-.14(19). In order for items not listed on the attached list to be considered, a written request must be submitted to the Director of Provider Audit (Chief Auditor) who will consult with the department's medical staff and the Medical Director at the Alabama Department of Public Health to determine if they will be considered. Prior items approved by the Agency should be retained by the facility and do not have to be re-approved annually.

To be reimbursable, the rental of SME must be assigned to a specific Medicaid patient and must be an item that is used to treat heavy care patients. The written request for items to be considered must be submitted to Medicaid prior to filing the cost report.

Effective July 1, 2007, the Alabama Medicaid Agency will limit annual reimbursement for rental expense for SME. The annual limit will be set at 30% of the manufacturer's suggested retail price. This price will be adjusted every year. Medicaid considers this interpretation pursuant to the Prudent Buyer Concept as defined in 560-X-22-.03(26).

Facilities need to make an economically sound judgment whether purchasing the SME would outweigh the costs of renting the equipment over time without sacrificing the quality of services provided by the facility. Facilities need to be prepared to show that renting the equipment would be in the best interest of Medicaid. This information should be available on audit. All items listed that do not meet the criteria will be removed during the desk review and will not be considered for the rate setting process. An informal conference will have to be requested to get any item previously disallowed reconsidered.

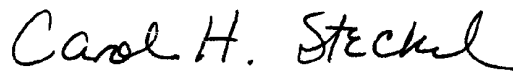
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Facilities will continue to list SME on Schedule D-9 on the cost report. The following information must be available upon request from Medicaid regarding SME:

Description of Rented/Leased Property – This needs to be an accurate description of the Item. If the description does not match our list it will be removed.

Expense – The amount will be subject to the limit in place when the item was first rented, even if there is a break in the rental period of the item. This will also be true if the item is assigned to different residents.

Dates of Rental - Use a separate line if an item has more than one rental period. This date should match the rental paperwork.



Carol H. Steckel, Commissioner

Attachment
Distribution List:
Alabama Medicaid Agency Staff
Alabama Nursing Home Association

REMINDER: All Medicaid recipients are required to present their Medicaid eligibility card and proper identification to a provider of medical services for verification of eligibility when seeking treatment or service under the Medicaid Program.

AVRS – 1-800-727-7848
MEDICAID FRAUD HOTLINE – 1-866-452-4930

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Specialized Medical Equipment

*Ventilator

*Apnea monitor – C-PAP, B-PAP

*Oxygen concentrators

*Oxygen nebulizers

Mattresses

- Level 1: Static air
 Fluid overlay
- Level 2: Dynamic flotation surface
 Low air loss
 Alternating pressure
 Pulsating air
 Flotation
- Level 3: Air fluidized
 Lateral rotation
 Continuous airflow

*Aerosol machine with/without compressor

*IPPB Machine (Aerosol)

Pumps – Enteral, *Feeding, *I-VAC (**Name brand**), IV infusion, IV, Contenuflo
Infusion

*ProCare System – Nurse Training System

Resident Wandering Monitoring Systems

Those items with an * are included in Chapter 22.